



WAGES OF FEAR

**CPSU-SPSF GROUP
390 Lonsdale, Melbourne**

Platform Pamphlet No 2: The second in a series of pamphlets prepared for members in Health & Community Services.

Wage Fear

Since its election in October 1992 the Coalition Government in Victoria has pursued a policy of instilling in all public sector workers the fear of retrenchment, redeployment and retribution.

Critical to this culture of fear has been its management - the managers of fear.

Performance pay is another example of how the Government is seeking to intimidate public sector workers.

It is also another example of a Government that speaks of democracy but practices central autocracy. The parameters of performance pay have been centrally determined and Departments have no capacity to deviate from centrally determined guidelines. While there is rhetoric about negotiation, the major issues are non-negotiable - individual employment agreements, pay levels, performance criteria, classifications and implementation.

Unique Opportunity

H&CS workers, however, do have a unique opportunity through the Final Award negotiations to defeat performance pay - for ourselves and the rest of the public service.

Performance pay will not be automatically introduced within H&CS. It will have to be negotiated and, if necessary, arbitrated.

Privatisation is about privatising work and workers. The logic of privatisation is privatising individual performance of public servants - inducing workers to compete against each other for an

elusive monetary gain.

This is what the Government is proposing with its new paybanding policy - placing all workers on performance pay.

Performance pay will have these consequences:

More money for a few workers.

Less money for most workers.

Variable annual wages for all workers.

Unprecedented discretion for managers to reward and punish workers.

Encouraging individual competition between workers.

Discouraging cooperation between workers.

The abolition of salary increments.

Renegotiating all terms and conditions.

Forfeiting any subsequent basic pay increase claim.

What's at stake is the culture of the public service and serving the common good through the provision of essential services. The Government wants performance pay because it wants to finally and decisively destroy this culture.

Performance pay is a fraud when there has been no pay increase for Victorian public servants since 1991 - despite the increased efficiency and productivity generated by public servants.

Privatisation Context.

It is important to consider performance pay within the context of the privatisation of work in H&CS. H&CS is being privatised - to fundamentally and irrevocable change its nature and role.

The cutting edge of this change is downsizing - decreasing numbers of H&CS workers doing more with less resources and contracting out functions.

Privatisation is reinventing the public service culture within H&CS to reflect and reinforce the values and assumptions of the private sector.

The H&CS role is being redefined as a service funder - rather than a service provider. Instead of directly providing services, H&CS plans to set standards for the provision of services and through the use of contracts monitor service quality and performance. H&CS will "steer" rather than row. Contracts, then, are the basis for H&CS to simulate market conditions and mechanisms.

Best practice is, of course, politically defined and determined. In this context, privatisation tends to define itself as best practice because it is a cheaper practice i.e., it reduces costs by between 15-20% through inferior terms and conditions for workers in the short-term and differently defined and determined services for clients.

Rewards and Sanctions

The Victorian Government has said that it is "committed to a policy of rewards and sanctions essentially based on performance. The focusing on and rewarding of performance, is intended to be an integral part of good management in Victoria, with organisational direction and achievement being the primary basis for reward at the executive level. Similarly, the link between tenure and performance is intended to reinforce the emphasis upon a real expectation of performance."

The reality is that sanctions are real and rewards are apparent.

Although under a Federal Award, H&CS is expected to conform with Coalition Government policy and seek to have performance pay included within the Final Award. Its inclusion, however, will not be automatic and will have to be negotiated with H&CS workers and their unions.

For other public servants, however, performance pay is not negotiable. The introduction of performance pay is based on workers accepting individual employment agreements. In agreeing to shift to employment agreements, workers will be agreeing to give up preserved terms and conditions of employment. Eventually, however, the Government would legislate to enforce its will.

All public servants in Victoria are being asked to agree to fundamental work redesign as a precondition to wage increases for some workers. Under this new system Departments and agencies can develop their own specific classification system and the salary of an individual may increase or decrease in each 12 month period based upon an assessment of the individual's performance by the individual's supervisor. The government claims that this will facilitate its micro-economic reform agenda in promoting increased efficiency and productivity.

The union does not oppose reviews of classification systems and the development of different systems which eliminate unnecessary rigidity and complexity. It is acknowledged that there has been a problem with approximately 1200 different classifications in use throughout the public service. These classifications were occupational specific and available for use by the Department where work of the particular occupation existed.

The Government claims that its performance related pay strategy:

- is strategically linked to the Government's reform objectives for Victorian public employment;
- will facilitate current major work restructuring exercises under way in several departments and planned in others;
- will assist in the re-assignment of work and organisational redesign necessary in work units as a consequence of the voluntary departure program;
- is based on encouraging improved employee productivity and

- efficiency, and
- provide managers with a capacity to motivate and reward staff and holds managers accountable for pay performance.

It is further argued that the pay strategy is

- consistent with the Government's reform objectives for Victorian public employment, and will facilitate major workplace reform; strategically linked to Government and Departmental objectives; based on maintaining competitive pay rates in a public and private salary and benefits market;
- based on encouraging improved employee efficiency and productivity;
- able to provide for the attraction/retention of quality skilled employees;
- capable of supporting a more flexible, efficient and productive job design; and
- able to provide managers with a capacity to motivate and reward staff and holds managers accountable for pay performance.

The principles of the policy are identified as follows:

- all new appointments are at the minimum of a pay band unless special considerations apply;
- existing officers translate to a new pay band on current actual dollars;
- the minimum salary within each pay band reflects the value of the work in that band;
- advancement beyond the minimum or initial appointment/translation point reflects assessed performance, which may also include the acquisition and application of competencies, and will replace the former annual incremental process;
- an adequate performance rating secures maintenance of a person's existing position in a pay band. A better than adequate performance rating allows for advancement in a pay band within Departmental budgets. A less than adequate performance rating freezes pay subject to counselling and subsequent performance improvement. A failure to respond to performance counselling results in downward pay adjustment or other action;
- agencies may introduce barriers for particular classifications in order

to limit the cost impact; and at levels 4 and 5 of the proposed 5 band structure and equivalent levels of agency specific structures, one off lump sum bonus payments based on performance against key result areas may be available.

The potential reward for agreeing to implement the change will be the promise of a possible bonus payment in twelve months based on an assessment of individual performance but for some not all.

A Government decision for a general wage increase now may be the basis used by the government to induce acceptance of performance pay and individual employment agreements. It will be a one-off bribe.

Performance pay will be cost neutral. The Government is not providing additional funding to Departments for performance-based pay. The logic is that there will be fewer workers and all workers will contribute but only some will benefit.

The funds to meet the costs of developing, monitoring and paying bonuses must be achieved through productivity and efficiency improvements.

The Government proposes that pay bands could be adjusted to take account of market related variations/ This could mean that salary levels are adjusted downwards when the budget of a Department is decreased. These decisions will be unilaterally determined by the Government - adjusting up or down depending on claimed or actual budgetary circumstances or whim.

While the Government will make the same unilateral decisions for H&CS workers, it will have to negotiate its whims through the Australian Industrial Relations Commission and expose its whims to scrutiny.

Culture of Service

Performance pay is inconsistent with the culture of service. A critical ethos of the public service has been loyalty to the public - involving a strong sense of service identity and a readiness to place the interests of the public before self. This ethos has provided the basis for public service work as team effort which requires individuals to work together in carrying out their tasks. All members of the team must work together on the basis of common objectives and values.

Improved efficiency and productivity is generated by public servants working together - not through competing with each other.

Performance pay systems reinforce the assumption that workers will not work unless they are watched and coerced and that the only incentive is individual greed. Performance pay is disrespectful of the human spirit and integrity. It denies the values of cooperation, solidarity and community.

Performance Panacea

It should not surprise H&CS workers that the demand for performance being made on programs and funded agencies is now being applied to themselves.

This increasing reliance on numbers is insidious because it only measures short-term results, undermine team-work, discourage risk-taking, build fear and pit people against each other for the same rewards.

In 1992 the Commonwealth Government introduced performance based pay in the senior ranks of the Australian Public Service. By December 1993 the Senate Standing Committee on Finance and Public Administration was recommending that the performance pay system be abandoned no later than the expiry of the APS

Workplace Bargaining Agreement in December 1994. The Committee commented that: "The APS performance pay system rests on assumptions about motivation and the nature of work in organisations which are not valid or appropriate for much of the APS. It is very difficult to measure the contributions of individuals to organisational goals, to account for the effects of influences outside individual control and to develop agreements between supervisors and those they supervise which are acceptable to both sides."

The Committee also noted that: "The APS performance pay scheme was widely seen as divisive and destructive of team effort." The Australian Taxation Office, for instance, told the Committee that originally it supported performance pay but now wished to opt out as "there has been a growing ground swell of opposition and disquiet about a performance pay system based on individual performance, given our increasing team based focus"

Conclusion

Performance pay is essential to the Government's philosophy of fear - intimidating public servants to accept the unacceptable in case it becomes worse. The Government tried this with employment contracts and it didn't work very well. They tried it with superannuation and it worked - members voted to accept lowered benefits because they feared government retribution. Now, the Government is trying to revive employment contracts through performance pay - based on personal incentives, individual greed and market failure.

Performance pay means that our wages will always be at risk. It will reward individualism and punish collective effort - competition instead of cooperation.

The union is committed to improving the efficiency and

productivity of the public service through a partnership between management and workers - based on mutual trust. Performance pay is based on distrusting workers and putting financial gain for individuals before public service.

In negotiating with H&CS over the Final Award, the union will oppose performance pay - arguing that it is inconsistent with and an inappropriate basis for achieving increased efficiency and productivity.

The key characteristics of an efficient and effective public service are:

Reinventing the philosophy of service to the public.

Driving out the management of fear.

Eliminating work quotas and targets for managers and workers.

Eliminating barriers to the creativity and imagination of managers and workers.

Constant improvement of services.

Encourage pride of service in managers and workers.

Performance pay will undermine these characteristics.

Performance pay should not be equated with improved performance. It is not the precondition for this improvement.

If we can defeat performance pay for H&CS, we can set a precedent for the rest of the public sector. If the rest of the public sector is forced to accept performance pay, then, this sets a precedent for our Federal Award negotiations.

The performance pay issue, then, serves to reinforce the validity of all for each and each for all.

Karen Batt,
Joint National Deputy President,
CPSU-SPSF Group
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